The following is a public version of the NCUA Office of Small Credit Union Initiatives' Impact Analysis Study Report. Certain sensitive parts of the report remain confidential and are not included in the released public version. These generally concern non-public comments made by individuals or non-public matters contained in or related to credit union examination reports.

Filene Research Institute

OSCUI Impact Analysis Study
Final Report

December 3, 2014

Contents

Executive Summary

Filene used a cumulative, mixed-methods approach to analyze performance data of credit unions served by OSCUI, match those data with OSCUI activities, compile survey results of OSCUI users and target users, and interview customers and stakeholders of OSCUI.

Our analysis of OSCUI consulting, grants, loans, and workshops yields widely differing amounts of statistical evidence for the breadth and size of their impacts on various measures of credit union performance across various subgroups of credit unions. In particular, we find the estimated impacts of consulting and grants to be relatively large for some subgroups of credit unions. In contrast, we find the estimated impacts of loans and workshops to be generally quite small.

Low-income designated (LID) credit unions show more signs of impact from OSCUI services than non-LID credit unions. OSCUI impacts on minority and rural credit unions are very similar to those seen among all small credit unions.

Under its current operating model, OSCUI would likely see continued success serving the previous NCUA definition of small (under $10 M). Services administered to very small credit unions ($1M to $10M) are the most likely to show discernable effects. OSCUI should use these findings as a benchmark for future activities and a spur to formulate new strategies for serving small credit unions.

If OSCUI desires to achieve similar impacts among larger credit unions, it should focus resources and efforts on aligning consulting and training services with the needs of such credit unions.

Three complementary methods to measuring OSCUI's impact emerge from the findings of Phase I and II research. These include:

1) Pre- and post-engagement performance analysis
2) Qualitative assessment surveys
3) Overall performance of credit unions receiving support from OSCUI

Introduction

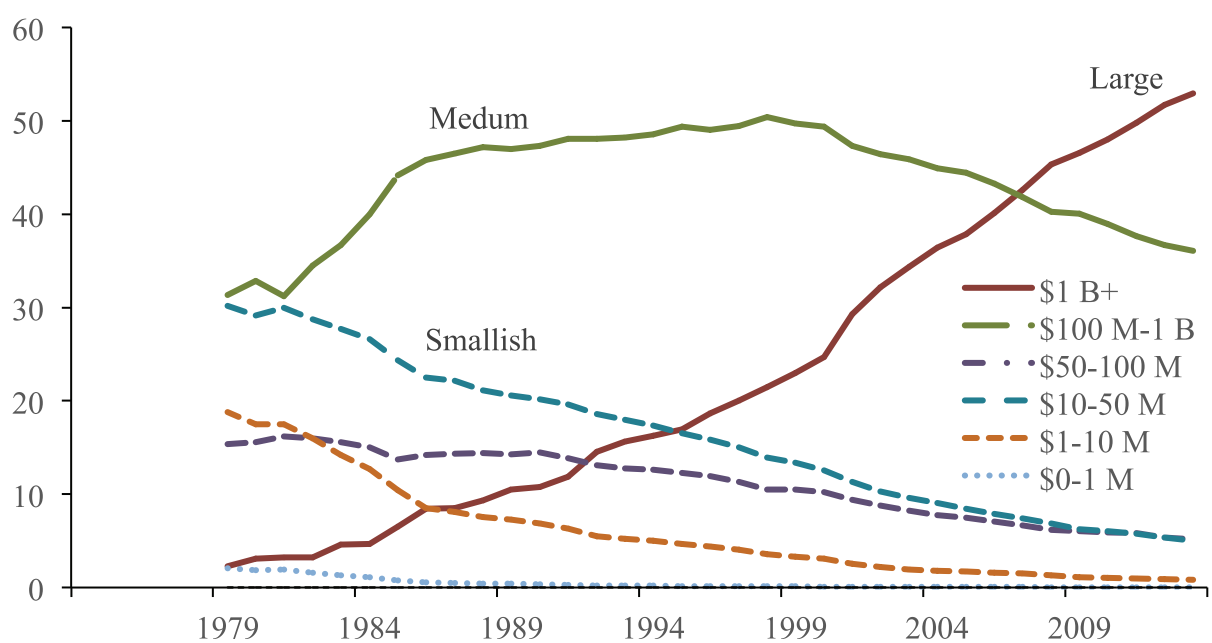
What is the OSCUI Impact Analysis about?

In spring 2014, OSCUI contracted with the Filene Research Institute to evaluate the effectiveness of its programs in helping small credit unions survive and thrive. Filene undertook a three-phase analysis to judge the success of OSCUI in serving small, low-income designated, and new credit unions. Filene also undertook to develop impact measures for OSCUI to use going forward based on this analysis.

Filene's experience with rigorous analytical and qualitative research on all aspects of credit unions positions the institute to undertake the study, capture the important findings, and suggest effective ways for OSCUI to fulfill its mission. For this study, Filene used a cumulative, mixed-methods approach to analyze performance data of credit unions served by OSCUI, match those data with OSCUI activities, compile survey results of OSCUI users and target users, and interview customers and stakeholders of OSCUI.

The structure of the credit union system has changed vastly in recent decades. The number of small federally insured credit unions (e.g., with under $50 million (M) in assets, in 2013 dollars) has fallen from over 16,000 in 1979 to 4,332 in 2013. Their share of credit union assets has similarly fallen all the way from 48.3% in 1979 to 5.8% in 2013 (see Figure 1).

Figure 1: Percentage of credit union assets, across asset size ranges, 1979-2013
(boundaries, inflation adjusted in 2013 dollars, annual)



OSCUI's mission statement

The Office of Small Credit Union Initiatives (OSCUI) supports the success of small credit unions through training, consulting, grants and loans, and partnership opportunities. OSCUI recognizes the unique role small, low-income designated, and new credit unions play in the lives of their members and communities. We are committed to helping these credit unions not only survive, but thrive.

OSCUI aspires to help small credit unions thrive, and this report will help the office marshal its resources to best fulfill that charge.

Services to Assess

During 2009-2013, OSCUI provided credit unions with 44,738 hours of free consulting services, $6.5 million in grants, and $21.7 million in loans. The Office attracted more than 7,000 credit union employees and volunteers to its workshops and boot camps, and thousands more to its webinars.

OSCUI offers four principal services to credit unions that can affect their financial performance and therefore be tied to impact:

- Consulting
- Grants
- Loans
- Workshops.

Throughout the report, we refer to these services and match the effects they have on the performance of credit unions that participated.

Consulting

OSCUI employs approximately 15 economic development specialists (EDS), consultants who work with individual credit unions on issues ranging from marketing to mergers, and from strategic planning to regulatory compliance. These jack-of-all-trades credit union experts respond to specific requests and often work onsite at the credit union. They can also refer credit unions to non-NCUA resources or provide other remote advice. Credit unions less than three years old, those with "urgent needs," and those who need help developing a net worth restoration plan (NWRP) are given priority for EDS services. EDS consulting is valuable to credit unions, but resource constraints mean OSCUI can provide them only to a limited number of credit unions.

Grants

OSCUI administers on average $1.3 million in yearly grants to low-income designated credit unions. The small-dollar technical assistance grants, usually for less than $10,000, are designed to support improved services to members and may be spent on:

> *(i) Development of new products or services for members, including new or expanded share draft or credit card programs; (ii) Partnership arrangements with community based service organizations or government agencies; (iii) Enhancement and support credit union internal capacity to serve its members and better enable it to provide financial services to the community in which the credit union is located.*

OSCUI is limited in the grants it can provide to the amount appropriated by Congress to the office every year.

Loans

Eligible credit unions have access to a revolving loan fund administered by OSCUI. In 2014 the loan program had $6.3 million available in appropriated and earned funds. Approved uses for the funds are broader than for OSCUI grants. Credit unions can request up to $300,000 to support:

> *(i) Development of new products or services for members including new or expanded share draft or credit card programs; (ii) Partnership arrangements with community based service organizations or government agencies; (iii) Loan programs, including, but not limited to, micro business loans, payday loan alternatives, education loans, and real estate loans; (iv) Acquisition, expansion or improvement of office space or equipment, including branch facilities, ATMs, and electronic banking facilities; (v) Operational programs such as security and disaster recovery, and (vi) Investing in U.S. Treasury Securities.*

Workshops

OSCUI supports in-person training workshops and leadership boot camps designed to educate credit union leaders. In 2014, 15 in-person meetings were held or planned across the country. Workshops generally focus on current technical issues, including compliance, examinations, and marketing education. Boot camps are geared toward leadership development for directors and staff. This report refers to all in-person education as "workshops." Overall attendance has varied widely since 2009, when OSCUI started tracking participation, from a high of 2,496 in 2011 to a low of 714 in 2012; 1,154 attended in 2013.

Phase I Statistical Assessment

The Phase I statistical assessment reviews key data on OSCUI activities and how they affected the performance of small, low income, and new credit unions, as well as minority-focused and rural ones. The analysis uses eleven measures of performance, and then uses the best available data for each of these variables, in some cases from 2000 to 2013 and in all cases from 2009 to 2013. The results of the statistical modeling lead directly to our recommendations for updated OSCUI priorities and practices.

Filene explored a wide variety of statistical models to assess the impacts of several measures of OSCUI activity (our key independent variables) on several measures of credit union performance (the dependent variables) across subgroups of credit unions important to OSCUI:

- Small credit unions (divided between Tiny [< $1M], Very Small [$1M to $10M], and Smallish [$10M to $50M])
- Low-income designated (LID) credit unions
- New credit unions
- Rural credit unions (those in low-density ZIP codes)
- Minority credit unions (more than 50% of membership classified as minority)
- “Leaper” credit unions (those that grew by at least $5M between 2000 and 2013 and surpassed $10M in assets during that time)

Based on data availability, we used annual data for 2000-2013 to estimate the impacts of OSCUI consulting, and annual data for 2009-2013 to estimate the impacts of OSCUI grants, loans, and workshops.

We tested the impacts of OSCUI activities on eleven well-recognized credit union performance variables, including:

1. Average CAMEL (arithmetic average of the five components of regulatory ratings: capital adequacy, asset quality, management, earnings, and liquidity.)
2. Return on assets (ROA)
3. Merger-adjusted asset growth
4. Regulatory rating for management (the ‘M’ in CAMEL)
5. Noninterest income by assets
6. Noninterest expense by assets
7. Provisions for loan losses
8. "Overall benefits” (a measure of membership benefits comparing a basket of deposit and loan interest rates against a national bank average)
9. “Loan benefits” (a measure of membership benefits comparing six loan interest rates against a national bank average)
10. “Deposit benefits” (a measure of membership benefits comparing five deposit interest rates against a national bank average)
11. Net worth per assets

After experimenting with a wide variety of model specifications, we settled on a core statistical model using (1) panel regression techniques with fixed effects and annual dummy variables, (2) with data entered as first differences, (3) using a small number of key control variables that were largely constant across specifications, and (4) with dependent variables regressed on either first lags of independent variables or on both first and second lags.

The OSCUI activity data for each credit union is available on a calendar year basis. But the data do not show whether services were received in January or December or somewhere in between during that year. In order to best capture the effects of OSCUI activities, we examined and report credit union performance with a one-year lag and a two-year lag. For example, for a credit union that received OSCUI services in 2010, we consider in this analysis that credit union's performance in 2011 and 2012.

Not every comparison of activities to performance variables yielded a discernable effect. This Phase III report focuses on those with strong correlations that show how OSCUI can improve its overall services.

Phase II Qualitative Assessment

The Phase II assessment focused on gathering qualitative information from staff and volunteers that work in credit unions eligible for OSCUI support. This phase of the project comprised three focus groups at OSCUI-sponsored meetings, 21 telephone interviews, and an on-line survey that garnered 616 credit union respondents, almost all from separate credit unions.

Focus Groups

Three focus groups lasting between 50-70 minutes were held June 21 in San Antonio, August 14 in Gulfport and September 20 in Chicago. In total 31 people participated; the majority of attendees had used OSCUI services in the past and all of them were familiar with varying degrees of OSCUI services. Their attendance at an OSCUI workshop and their willingness to provide feedback qualified each as an engaged stakeholder for OSCUI. Filene conducted informal interviews separate from the focus groups with three EDS consultants, each with an average of at least 10 years of experience working at NCUA/OSCUI.

Telephone Interviews

Filene completed 21 telephone interviews lasting 40 minutes on average with CEOs and volunteers of OSCUI-eligible credit unions. These interviews included credit unions from 16 states and all 5 regions of NCUA. All credit unions interviewed had the LID and 10 of 21 were minority designated institutions. The asset range of credit unions interviewed was $260,000 to over $500 million with a median asset value of $6 million. The interviews included credit union representatives from:

- 2 credit unions that were eligible but did not use OSCUI
- 1 new user of OSCUI
- 1 credit union in formation
- 2 with CEOs of credit unions that received OSCUI support but still merged or are about to merge (1 of each type)
- 2 light users of OSCUI but vocal thought leaders among LID credit unions
- 13 of the heaviest users of OSCUI services over the past 5 years

On-line Survey

Filene sent an anonymous 37-question survey to approximately 2,500 credit unions that are eligible for OSCUI support. We received 616 responses to the survey, or nearly a 25% response rate. Despite the survey occurring around prime summer vacation-time for many credit union this high-level response was received and is reflective the support and interest in OSCUI among eligible credit unions.

Efficacy by Size and Type

How do OSCUI services affect differently sized credit unions and credit unions of different kinds?

Comparing Impacts of OSCUI Activities: consulting, grants, loans, and workshops

Our analysis of OSCUI consulting, grants, loans, and workshops yields widely differing amounts of statistical evidence for the breadth and size of their impacts on various measures of credit union performance across various subgroups of credit unions. In particular, we find the estimated impacts of consulting and grants to be relatively large for some subgroups of credit unions. In contrast, we find the estimated impacts of loans and workshops to be generally quite small.

CASES: We refer to "the number of cases of **favorable** statistically significant impacts of OSCUI activities on measures of CU performance" simply as CASES. When presented as percentages this is the ratio of positive effects to all possible effects. For example, if an activity yielded 10 out of a possible 50 instances of statistically significant favorable impacts, its CASES percentage would be 20%.

Consulting: OSCUI consulting impacts on credit union performance

We found consulting to have more statistically significant (and favorable) impacts on credit union performance (i.e., CASES) than other OSCUI activities (39 out of 143 possible ones, in Figure 1 or 27%). We also found that, targeted to certain subgroups of credit unions, the impacts of consulting could be relatively large. For instance, we estimated that, during 2000-2013, providing OSCUI consulting to a very small LID credit union in an amount (admittedly large) equivalent to 1% of its assets resulted in large improvements in its CAMEL rating (by 0.18), ROA (1.14%), merger-adjusted growth rate (9.13%), noninterest income per assets (0.59%), and noninterest expense (decreasing by 0.57%).

Grants: OSCUI grants impacts on credit union performance

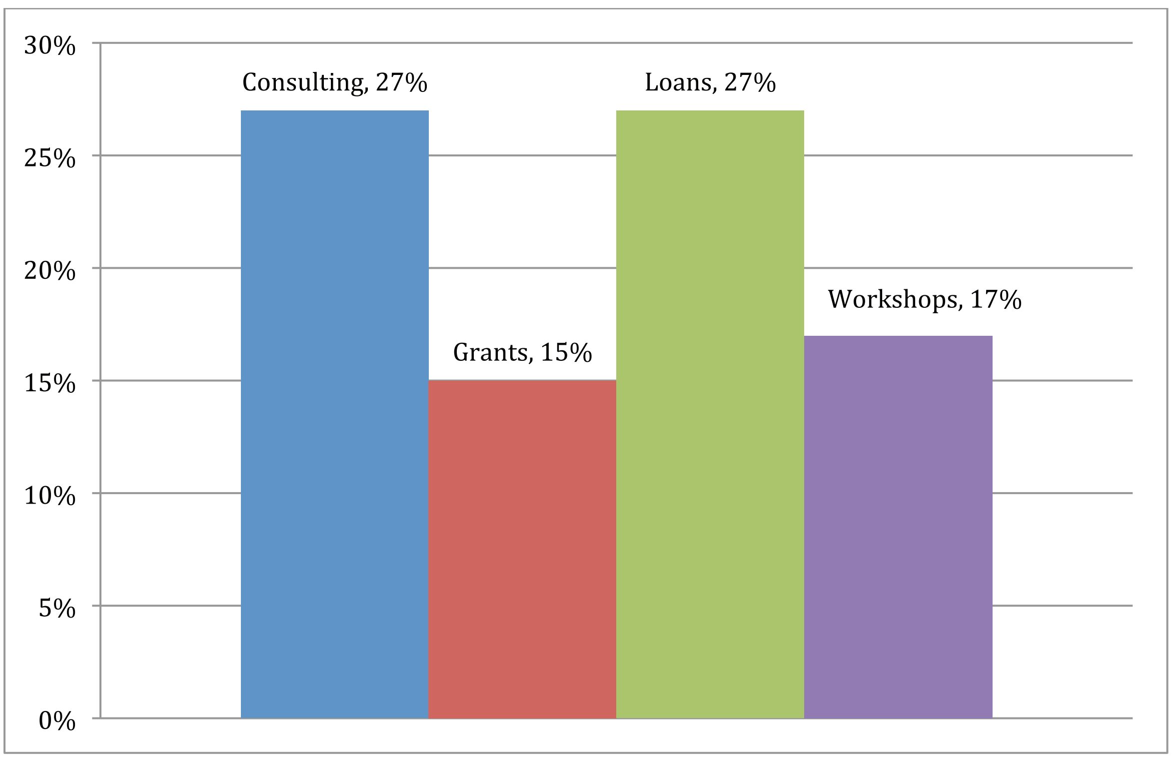
We found grants to have a smaller fraction of CASES than other OSCUI activities (13 out of 88 in Figure 1, or 15%). However, we found that, targeted to certain subgroups of credit unions, the impacts of grants could be relatively large. For instance, we estimated that, during 2009-2013, providing OSCUI grants to a very small LID credit union in an amount equivalent to 1% of its assets resulted in sizable improvements in ROA (0.62%), noninterest income (0.41%), and loan-related member benefits (0.50%, interest rates that were lower relative to banks).

Loans: OSCUI loans impacts on credit union performance

We found OSCUI loans to have a larger fraction of CASES than other OSCUI activities (24 out of 88 in Figure 1, or 27%). However, we found the estimated impacts of OSCUI loans to be generally quite small for most subgroups of credit unions. We only found relatively large impacts from OSCUI loans for one (very small) subgroup: new credit unions. In particular, we estimated that, during 2009-2013, providing OSCUI loans to a new credit union in an amount equivalent to 1% of its assets resulted in sizable improvements in merger-adjusted asset growth (3.36%), noninterest income (0.21%), and interest-related member benefits (0.20%).

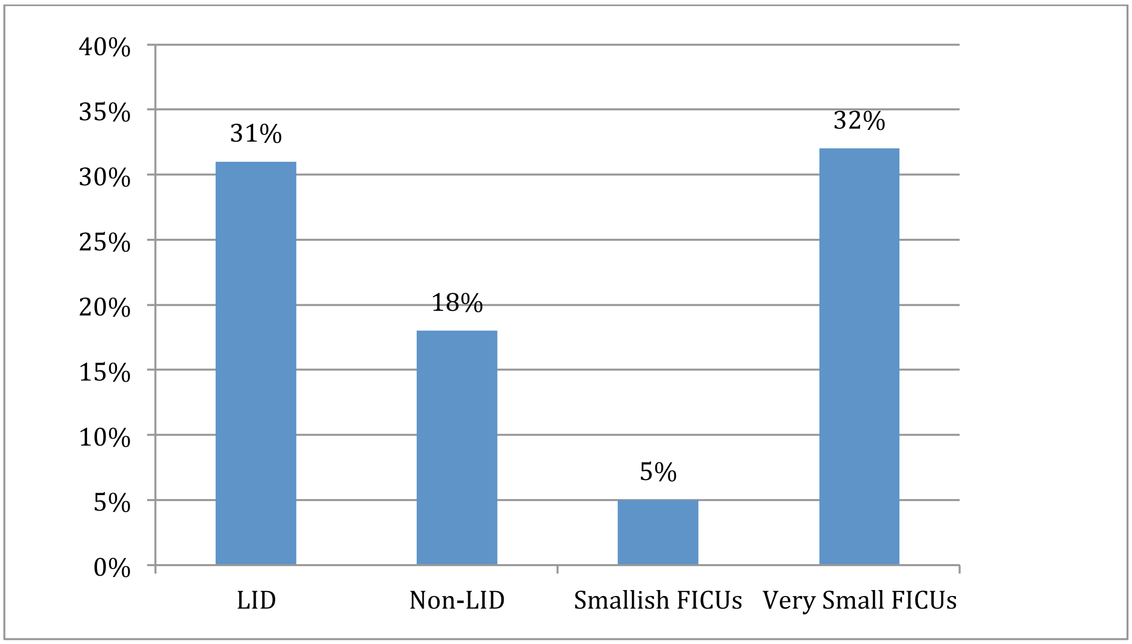
Workshops: *OSCUI workshops impacts on credit union performance*
We found workshops to have among the smallest fractions of CASES among OSCUI activities (24 out of 143 in Figure 1, or 17%). Moreover, the CASES rarely centered on key indicators of overall performance such as CAMEL, ROA, merger-adjusted growth rates, and the management rating. We estimated the impacts of workshops per assets (along the lines reported for consulting, grants, and loans), but we did not find them to be reliable, and thus do not report them here. We report instead results for models that estimate instead the impact of any credit union employee having participated in OSCUI workshops, without taking into account the imputed value of those workshops relative to the credit union's assets. Thus*, estimated impacts from Figure 4 are not directly comparable to those for the earlier three figures.* Nonetheless, we found the estimated impacts of workshops to be generally quite small for most subgroups of credit unions.

Figure 1: OSCUI Activities with Statistically Significant and Favorable Impacts on Credit Union Performance (CASES)



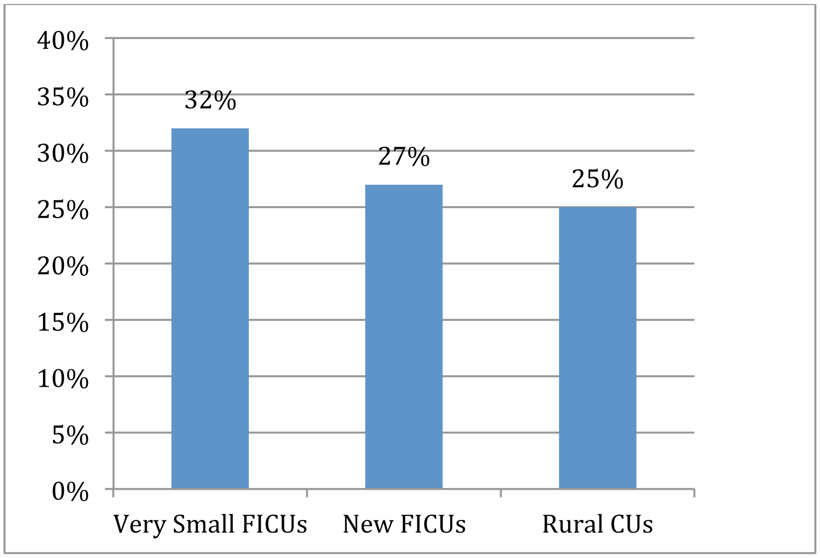
Low-income (LID) credit unions: We find the most CASES among LID CUs (41 of 132, or 31%, excluding the smallish rows from the computation). We find fewer CASES among non-LID CUs (12 of 66, or 18%).

Figure 2: Impact of OSCUI Activities on Low-Income (LID), Smallish, and Very Small Credit Unions (In CASES)



Very small ($1M to $10M), New, and Rural credit unions: We find broadly similar total number of CASES for very small FICUs (again, 21 of 66, or 32%), new FICUs (12 of 44, or 27%) and rural CUs (11 of 44, or 25%).

Figure 3: Impact of OSCUI Activities on Very Small Credit Unions (In CASES)



Tiny non-LID FICUs (< $1M): We found limited evidence of favorable statistically significant impacts, including small impacts of consulting on noninterest expenses, provisions, and benefits to depositors. We did not detect any favorable impacts of workshops on tiny non-LID FICUs

Tiny LID FICUs: We found sizable impacts of consulting on ROA and growth; small impacts of consulting on the management rating, noninterest income, and net worth; sizable impacts of grants on ROA and noninterest expense; small impacts of OSCUI loans on provisions, member benefits, benefits to borrowers, and net worth; and small impacts of workshops on benefits to borrowers.

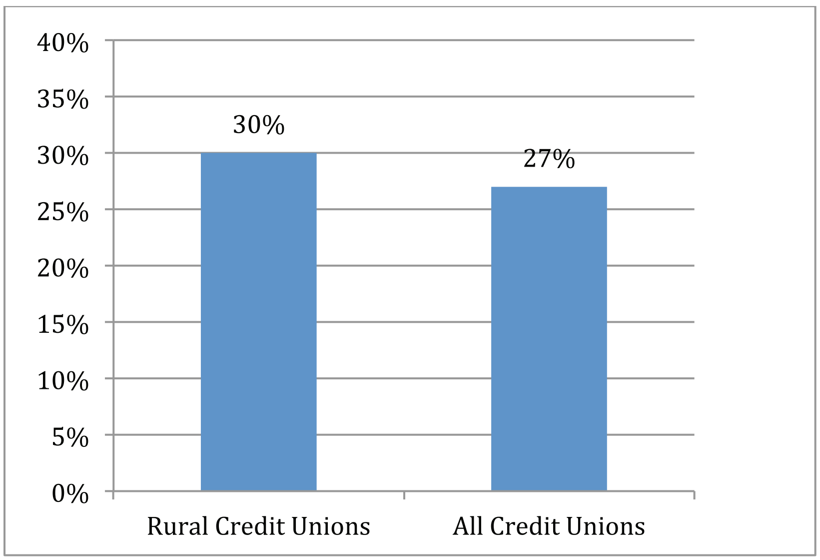
Very small non-LID FICUs ($1M to $10M): We found some evidence of favorable impacts, including very sizable impacts of consulting on CAMEL and growth; sizable impacts of workshops on ROA, and small impacts of workshops on noninterest expense. However, we found recipients of consulting to have worse rates for borrowers.

Very small LID FICUs: We found very sizable impacts of consulting on CAMEL, ROA, growth, the management rating, noninterest income, and noninterest expense; very sizable impacts of grants on ROA, noninterest income, and benefits to borrowers; small impacts of loans on CAMEL, the management rating, provisions, benefits to borrowers, and net worth; and sizable impacts of workshops on benefits to depositors and net worth.

New FICUs: We found very sizable impacts of consulting on ROA, growth, noninterest income, and member benefits; small impacts of consulting on noninterest expense; sizable impacts of grants on net worth; very sizable impacts of loans on growth, noninterest income, and member benefits; small impacts of loans on CAMEL; and very large impacts of workshops on noninterest expense.

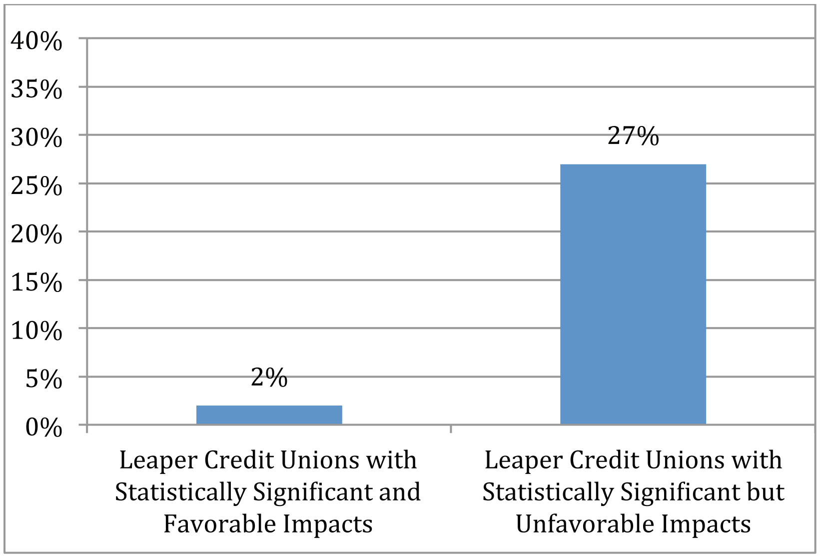
Rural FICUs: Rural credit unions are positively impacted by OSCUI services at similar rates to all credit unions. Applying a methodology broadly similar to that used by the Bureau of the Census, we identified as rural those credit unions reporting zip codes with population densities below 150 inhabitants per square mile. We found a broadly similar fraction of CASES for rural credit unions (13 of 44, or 30%) as for all credit unions (12 of 44, or 27%). We found sizable impacts of consulting on management ratings and noninterest income, very sizable impacts of grants on growth, noninterest income, and noninterest expense; small impacts of loans on noninterest expense, benefits to borrowers and net worth, and small impacts of workshops on CAMEL, the management ratings, and net worth.

Figure 4: Impact of OSCUI Activities on Rural Credit Unions (In CASES)



Leapers: We found very limited evidence of statistically significant (and favorable) impacts of OSCUI activities on the performance of "leaper" credit unions (1 of 44 CASES, or 2%). We actually found 12 of 44 instances of statistically significant, but unfavorable, impacts of OSCUI activities on credit union performance.

Figure 4: Impact of OSCUI Activities on Leaper Credit Unions



Minority FICUs: Minority credit unions are positively impacted by OSCUI services at similar rates to all credit unions. We found small impacts of consulting on ROA (0.13%), merger-adjusted asset growth (0.37%), the management rating (0.01), and noninterest income (0.08%); sizable impacts of grants on ROA (0.32%) and net worth (0.32%), and small impacts on benefits to depositors (0.07%), small impacts of loans on ROA (0.06%), provisions (0.04%), member benefits (0.05%), and net worth (0.05%); and sizable impacts of workshops on ROA (0.17%) and net worth (0.28%).

Qualitative Feedback

What do stakeholders think about OSCUI services? And where should OSCUI focus?

Phase II research used a mixed-method approach of focus groups, in-depth telephone interviews, and a high-response online survey. The overall feedback is broken down below by the three types of data collection.

Focus Groups Findings

Credit unions appreciate OSCUI, a view that was expressed consistently, even when paired with criticism and suggestions.

Participants expressed a range of experiences with EDS consultants: they were either very good or very bad with the majority being very good.

Participants expressed a lack of awareness of the various resources available at OSCUI. Most were also hazy about dates and deadlines for OSCUI support. Many were aware of the 6-month EDS consulting window and there was strong support to extend the cycle to 12 months.

To help NCUA manage its resources they should intervene at key times (when a credit union is downgraded) and there should be closer coordination with examiners so that recommendations are in sync. To measure its own impact OSCUI should look at ratios pre and post engagement and ask the credit unions how they are doing via surveys.

Survey Findings

The analysis is broken down into the main offering of OSCUI (i.e., consulting, grants/loans, training and partnerships) and is followed by more open ended questions regarding OSCUI's impact, resource allocation, challenges in credit unions and quality. To simplify large numbers of similar responses to open ended questions word cloud analysis is selectively used to highlight key themes.

Consulting

65% of respondents indicate the EDS consultant exceed or far exceed expectations, 20% indicate the consulting services met expectations and 14% indicated they do not meet expectations. Most respondents (80%) indicate they had implemented the recommendations provided by the EDS. To strengthen its consulting services respondents indicated that OSCUI should tailor its advice as opposed to recycling generic advice/framework. OSCUI should also review its current process of applying for help; it is perceived as taking too long and length of engagements are deemed too short at 6 months.

Grant and Loans

22% of respondents had received a grant and 97% of these indicated that it met their local context and needs. 75% of people completely agreed that the grant was essential to their implementation of a program/service. 84% of respondents implemented the program/service for which the grant was received and only 4% did not or are in process.

We estimate that 10% of respondents had received a loan and for 88% of respondents the loan met their expectations. When asked if they implemented the program/service for which they received the loan, 74% of respondents indicated "not applicable" and 17% indicated "yes". These responses warrant a further investigation as they appear in contrast to how grants are used and the intention of the loan program.

Workshops

According to 86% of respondents, OSCUI training has helped bring about positive change in the credit union. Thirty percent of respondents attended OSCUI in-person trainings; 44% had attended on-line training events. Most respondents indicate trainings had met (47%) or exceeded (47%) expectations; 6% indicated the trainings did not meet expectations.

The two primary barriers to attending the trainings are limited staff available to attend (56%) and limited budget (54%). Not being aware of trainings (24%) and inconvenient timing of on-line offerings (22%) were also noted barriers and could be mitigated by more on-line offerings.

There was broad support for expanded on-line offerings by OSCUI with 51% of people indicating they would be more or much more likely to attend OSCUI trainings if they were offered via on-line or distance learning platforms. 40% indicated their likelihood of attending would be the same and 9% indicated they would be less likely to attend. That said, there was a desire to have these as interactive as possible and during hours that people can attend.

Partnerships and Outreach Resources

In total 32% of respondents had used partnership and outreach resources and these have met (52%) or exceeded (43%) expectations for of respondents. For 78% of attendees these resources have helped bring about positive change in their credit union.

Challenges for Credit Unions

The top two challenges are the lack of marketing (46%) and insufficient products and services (45%). Compliance challenges ranked only as the third most pressing challenge (38%) tied with strategic planning needs in credit unions. Field of membership expansion (21%) and board/staffing (20%) are also important challenges for small credit unions.

When asked in a different manner about the key drivers to move a credit union from stagnation to growth, field of membership expansion (70%) and introducing new loans (48%) rose to the top.

These findings provide an opportunity to align OSCUI's offerings with the stated needs for their target clientele.

Net Promoter Score

Although 37% of respondents were very likely to recommend OSCUI to a friend or colleague 47% of respondents were consider "detractors" that were would not recommend OSCUI or only somewhat. This yield a total net promoter score of -10. This is considered a moderate score in that there were more detractors (i.e., those rating 0-6) as opposed to strong promoters (i.e., those answering 9 or 10), the key item is that OSCUI now has a valid base line for which to measure it work going forward.

Findings and Recommendations

What do the results mean for OSCUI?

Filene's objectives for this impact analysis were to gather information, articulate findings and recommendations, and suggest ways to better measure OSCUI's impact on the credit unions it serves. This section draws on insights from Phases I and II and combines them for an overall view of how OSCUI could improve and measure its impacts.

Important: These recommendations assume OSCUI maintains its services and operating model in the future as it has during the period studied. In many cases, different emphases and investments by OSCUI could change its impact on different types and sizes of credit unions. Where possible in the recommendations, we note where different future approaches could yield different impacts.

In some cases the recommendations are driven primarily by insights from the quantitative research, in others by insights from the qualitative research. The reasons for the mixed-method approach is to surface as many insights as possible. We offer recommendations supported by qualitative methods as readily as those that emerged from data analysis.

The financial cost of OSCUI's programs is miniscule relative to the assets of the credit unions involved. For instance, imputing an economic value of $100 per hour, OSCUI consulting services in 2013 amount to 0.0001% of all credit union assets, and a still very small 0.03% of assets of the 373 credit unions that received consulting services during that year. OSCUI's small budget requires it to decide whether to spread its services thinly or how best to target them.

Finding 1: The use of OSCUI services varies widely across subgroups of credit unions. For instance, during 2013 consulting amounted to 0.61% of assets among the 48 tiny credit unions (with under $1 M in assets) that received those services, to 0.06% among 199 very small credit unions ($1-10 M), and to 0.01% among 124 smallish credit unions ($10-50 M). Deciding whether to spread its services thinly or to target them, OSCUI needs to balance (1) the possibility that large disbursements (relative to assets) might result in some credit unions becoming dependent and (2) the fact that while disbursements that are miniscule (relative to assets) may lead to actual improvements, improvements from such disbursements may not be statistically detectable.

We found the statistical evidence for the impacts of OSCUI programs to vary widely across asset sizes. We found very limited evidence that OSCUI activities improved the performance of smallish credit unions ($10M to $50M). While individual credit unions above $10 M undoubtedly benefit from OSCUI services, our findings show those effects to be small. Smallish LID credit unions have had access to consulting services along with ‹$10M assets credit unions for the whole period, and in 2013 NCUA changed the definition of "small" to include credit unions up to $50M in assets. ***As such, readers should exercise caution in interpreting these data for all smallish credit unions.***

EDS consultants felt most helpful working with credit unions that employed between 1.5 and 12 FTEs. The relatively small number of employees at many very small credit unions could imply better reception and easier dissemination of EDS help.

Recommendation 1: OSCUI services administered to very small credit unions ($1M to $10M) are the most likely to show discernable effects. Under its current model, OSCUI is likely to see similar impacts among very small credit unions in the future. If OSCUI desires to achieve greater impacts among larger credit unions, it should focus resources and efforts on aligning consulting and training services with the needs of such credit unions and then measuring those impacts over time.

Finding 2: Filene found large estimated impacts from OSCUI consulting and grants on the performance of credit unions. In contrast, we found much smaller impacts from workshops and loans. Although 86% of training attendees indicated that OSCUI training helped bring about positive change, there was broad support for expanding online offerings: 51% of overall respondents said they would be **more** likely to attend training via remote training platforms, and only 9% said they would be less likely to attend.

Recommendation 2: The effects of training may, by their nature, be harder to quantify. Nevertheless OSCUI should reassess its topics and delivery methods to attempt to improve impact scores. Remote training services would be acceptable to a majority of OSCUI credit unions and may improve the overall reach of the office.

Finding 3: Consulting is in-demand and impactful, especially for very small credit unions ($1M to $10M): 85% of survey respondents said EDS consultants met or exceeded expectations, and of those who used EDS, 80% said they implemented their recommendations. The impacts of consulting (EDS) are largest among very small LID credit unions, but also large for very small non-LID credit unions and new credit unions.

Recommendation 3: Under its current model, OSCUI should give priority for consulting engagements to very small credit unions ($1-10 M) and shift away from credit unions either smaller or larger than this asset size range. If OSCUI desires to achieve greater impacts among larger credit unions, it should focus resources and efforts on aligning consulting services with the needs of such credit unions.

Finding 4: Loans have outsized positive effects on new credit unions that use them. In contrast, grants do not show strong favorable impacts on new credit unions. These results should be treated with caution, because the sample size of new credit unions receiving loans during the analysis period was only n=3.

Recommendation 4: For highest impact, OSCUI should prioritize grants to existing credit unions (those older than 10 years). Similarly, these limited findings suggest OSCUI should prioritize lending to newer credit unions (younger than 10 years).

Finding 5: OSCUI activities did not show significant positive impacts on leaper credit unions (those that leaped the $10 M boundary with a jump of at least $5 M during 2000-2013).

Recommendation 5: OSCUI should examine and learn from leaper credit unions in order to share successful practices among similarly sized credit unions. If OSCUI activities are to have positive effects on leaper credit unions, more study is required to understand their unique needs.

Finding 6: Small credit unions rarely provide demonstrable economic benefits (as measured against benchmark loan and deposit rates). Beyond those serving low-income communities, small credit unions were hard-pressed to articulate why they deserved support. Some argued that they provide financial access to those who wouldn't otherwise have it, and others argued that small credit unions are important to preserving the credit union tax exemption.

Recommendation 6: OSCUI should encourage small credit unions to measure how many members they serve that would otherwise not have access to mainstream deposit products. Small credit unions should also measure how their underwriting increases lending to those who would not otherwise qualify for loans.

Finding 7: Filene found larger favorable impacts of OSCUI services on LID than on non-LID credit unions. However, we found that the impacts of OSCUI activities on **rural** and **minority-focused** credit unions did not deviate sufficiently from those of other credit unions to warrant focusing OSCUI resources particularly toward or away from these subgroups of credit unions.

Recommendation 7: OSCUI should pay particular attention to asset size, low income designations, and new credit union status when prioritizing outreach and services. Specific focus on rural or minority status credit unions is not likely to yield discernable benefits.

Finding 8: 37% of survey respondents were "promoters," very likely to recommend OSCUI to a friend or colleague (scoring OSCUI with 9 or 10 out of 10). 47% of respondents were "detractors" (scoring OSCUI with 6 or less out of 10) that would not recommend OSCUI to friends or colleagues. The +37 combined with the -47 leads to a net promoter score of -10. Comparable net promoter benchmarks are not available for government services, but top-tier NPS scores for consumer industries are above 50. This analysis is limited in that it includes responses from all survey respondents; net promoter scores may be higher among those that have recently received OSCUI services.

Recommendation 8: OSCUI should ask credit unions for net promoter feedback following an engagement with a credit union and aggregate those responses to track for improvement over time. OSCUI should track this feedback separately for consulting, loans, grants, and workshops.

On a 1-10 scale, would you recommend the service you just received to another credit union?

Finding 9: Not surprisingly, key topics about which credit unions seek OSCUI advice relate to growth. They want advice and training about marketing, field of membership expansion, and new product offerings, especially loans. Compliance is a concern, but not the top demand.

Recommendation 9: Focus training and education around such expansion topics as marketing and new products and services.

Measurements to Improve OSCUI Impacts

How should OSCUI measure its activities going forward?

Three complimentary methods to measuring OSCUI's impact emerge from the findings of Phase I and II research. These include:

1) Pre- and post-engagement performance analysis
2) Qualitative assessment surveys
3) Overall performance of credit unions receiving support from OSCUI

Pre- and Post-Engagement Performance Analysis: With the frequent and detailed data collected by NCUA on credit union financial performance OSCUI should: a) Track the intensity of which credit unions use grants, loans, training and consulting services, b) Assign a dollar value for grants (face value), loans (5% of value of loan), workshops ($50 per attendee) and consulting services ($200 per hour). Based on this framework, the median credit union receiving OSCUI support has received $9,231 of support in an average year. c) For credit unions that are at least moderate users of OSCUI (i.e., more than $2,000 in total combined value), OSCUI should evaluate that credit union's net worth, return on assets and cost to income ratio before the engagement **and** 12 months after the engagement to determine if these indicators improved following OSCUI's support.

Qualitative Assessment Survey: Immediately after training programs, and between 3-6 months following any EDS engagements, participants should be asked to complete an anonymous on-line survey regarding the content and quality of delivery of the technical assistance. This information should be used by OSCUI management to evaluate and improve the performance of programs and staff.

Performance and Sustainability of OSCUI Credit Unions: On an annual basis, OSCUI should do back testing of the sustainability of credit unions to which it has provided any level of support. This should include a comparison of OSCUI supported credit unions to similar peer credit unions by asset size to determine the rates of sustainability.